

October 31, 2008

Philip Guidice, Commissioner
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

RE: Responsive Comments Addressing Section 105 of Chapter 169 of the Acts of 2008, Establishment of Class I Renewable With Carve-Out

Dear Commissioner Guidice:

I am writing on behalf of NSTAR Electric Company (“NSTAR Electric” or the “Company”) at the invitation of the Department of Energy Resources (“DOER”) regarding initial comments that were filed by various stakeholders regarding Section 105 of Chapter 169 of the Acts of 2008 (the “Green Communities Act” or “GCA”). Section 11F concerns the establishment of a Class I for renewables along with a carve-out for renewable generation less than 2 MW. DOER has invited parties that wish to do so, to respond to those initial comments. In this document NSTAR Electric will provide responsive comments.

As the Department is well aware, the electric ratepayers in the commonwealth currently pay some of the highest electricity prices in the United States. In addition, overburdened ratepayers are presently funding investments in renewable energy projects via the Massachusetts Renewable Energy Trust Fund and the current Renewable Portfolio Standard (RPS) program. Significant additional requirements will compound the burden on ratepayers resulting in financial hardship and job losses in Massachusetts. The DOER must balance the Legislature’s goals of promoting renewable energy with the economic realities of high energy costs

NSTAR electric would like to make three principal recommendations for the DOER as it works to develop and implement Class I standards.

- The program should be simple to administer with no technology carve-outs
- The required percentage for those “small” should be consistent with current supply levels.
- Alternative Compliance Payments (ACP) should be consistent across all of Class I

The program should be simple to administer with no technology carve-outs

NSTAR electric continues to believe the design of the program should contain clear rules that are simple to administer with no carve-out for specific technologies. Several of the respondents have commented that there be carve-outs for Solar, still others want changes to the definition of eligible biomass. Carve-outs serve only to try and reward less viable technologies thus increasing costs to the consumer. Suggestions that we carve-out certain technologies represent a change from the original intent of the Green Communities Act and add complexity to the administration of the program. We believe it is in the best interest of ratepayers that the most cost effective resources receive incentives for production of Renewable Energy Credits. The way to make that happen is to create a market that rewards performance irrespective of the technology.

The percentage required for “small” resources should be consistent with supply

The GCA Section 11F Subsection (g) requires the Department to set a portion of the required minimum percentage of renewable energy generation for Class I resources to come from on-site sources located in the commonwealth, having a capacity rating of not more than 2 megawatts and having begun commercial operation after December 31, 2007.

NSTAR Electric believes that it is important to tie any requirement to purchase these small resources to the supply in the market place initially. Requiring suppliers to purchase any more than can be supplied by the market would result in ACP payments which should not be the goal of this legislation. This requirement could then grow with time at the same rate as the entire Class I RPS percentage.

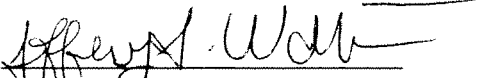
ACP Payment levels should consistent across all of Class I

The current level of ACP has shown it can stimulate renewable generation. NSTAR electric supports keeping the level of ACP consistent across all of Class I.

Conclusion

NSTAR electric supports a program that is simple to administer and contains no special technology carve-outs. Requirements for a carve-out for suppliers to purchase small generation should be tied to current supply with ACP levels consistent across all of Class I.

NSTAR ELECTRIC COMPANY

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